

North Wales Water Authority

Presentation to the Warrington Township Board of Supervisors

Robert C. Bender, *Executive Director*

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The NWWA was founded in 1951 and has operated since that time in accordance with the rules and regulations of the Pennsylvania Municipal Authorities Act of 1945

We are a *not-for-profit* public water provider.

In the early 1960s the Authority acquired the Blue Bell Water Company, and has maintained slow and steady growth since that time. Today we serve over 27,000 retail customers, and including our bulk sales, reach over 100,000 homes and businesses in our region.

Here is an aerial photograph of our Forest Park Water Treatment Plant



Municipalities now served with Forest Park Water

Ambler Borough

Chalfont Borough

Doylestown Township

Franconia Township

Hatfield Borough

Hatfield Township

Hilltown Township

Horsham Township

Lansdale Borough

Lower Gwynedd Township

Lower Salford Township

Montgomery Township

New Britain Borough

New Britain Township

North Wales Borough

Northampton Township

Skippack Township

Salford Township

Sellersville Borough

Souderton Borough

Towamencin Township

Upper Dublin Township

Upper Gwynedd Township

Upper Salford Township

Warrington Township

Warminster Township

Warwick Township

West Rockhill Township

Whitpain Township

Worcester Township

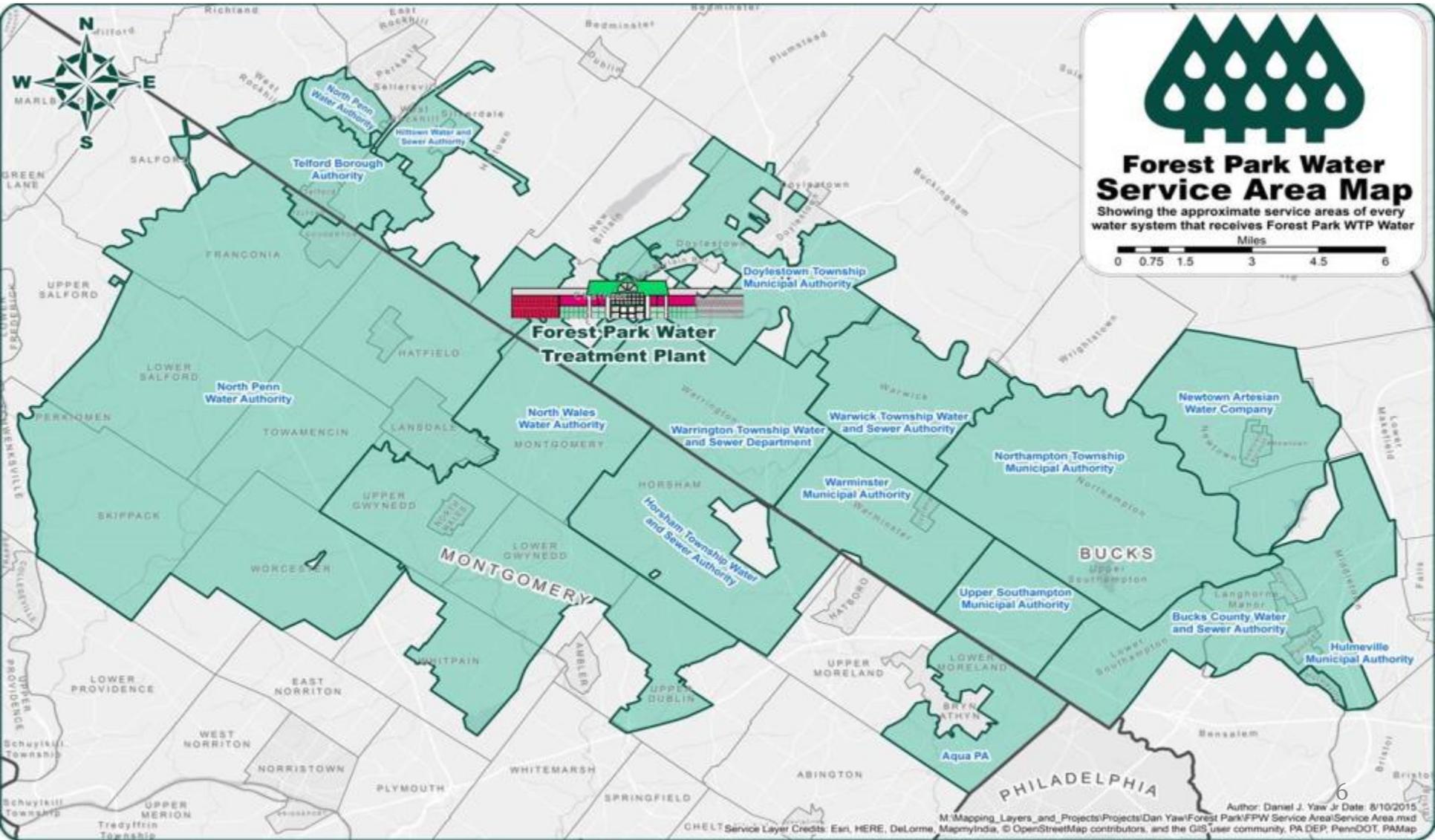
In addition to the above, BCWSA purchases about 8 MGD of Forest Park Water for service to various other Lower Bucks County municipalities.



Located in nearby Chalfont, this award winning plant now provides up to 43 MILLION gallons of safe and clean water to homes and businesses in both Bucks and Montgomery Counties and is distributed by the NWWA, NPWA, and BCWSA.

In total, water from our Forest Park Plant now reaches over 100,000 homes and businesses in more than 20 municipalities, serving dozens of schools, nursing homes, hospitals, factories, as well as providing essential fire protection to each of these communities.

In addition to the areas depicted on the map below, the NWWA also serves water customers in Buckingham, Doylestown, and Solebury Townships.





The NWWA now serves over 5,000 consumers in the Central Bucks area, including customers in Buckingham, Doylestown, New Britain and Solebury Townships.

In order to best serve these and all future Central Bucks customers, we have recently added a satellite customer service office near the intersection of Route 611 and Kelly Road.

What are the primary differences between a “Retail” versus a “Bulk” customer of the NWWA?

- Our retail customers receive full services and support on a 24 hour per day basis directly from the NWWA.
- Bulk customers receive their water from the NWWA, but our responsibility and service ends at the point of our interconnect and metering pit between systems.
- Retail customers receive NWWA service starting at our water plant, all the way to the meter in the house, at no additional cost.

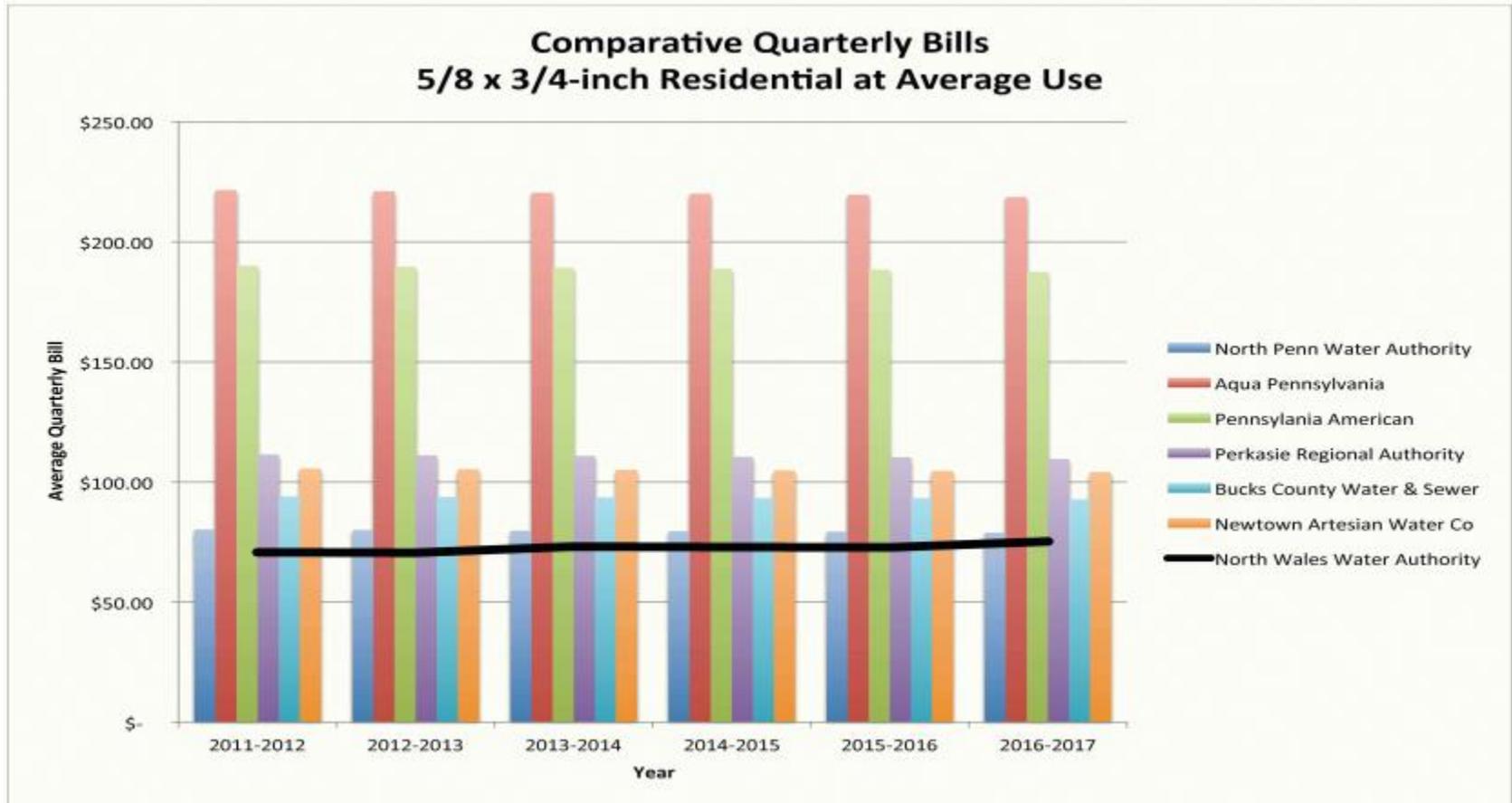


Examples of RETAIL and Full Customer Services

- Same high quality water delivered to all home or business.
- 24 hour per day emergency service in the case of leaks, or other need for emergency shut off.
- In home customer service to assist retail customers with locating leaks or determining pressure problems.
- Customer billings, payment arrangements and special billing considerations.
- 25 fully licensed operators available at all times.
- Over 50 full time employees always available to serve.

This study was completed a few years ago
The black line shows the steady NWWA water rates.

**The highest rates shown are both from corporately owned water companies.
Their rates have gone even higher since.**



So, what is the proposal to Warrington ? And why?

- The offer allows us to transition the Warrington system from a bulk customer to a full service part of our service area.
- In summary, nothing changes as to water quality – but as a result of the inherent benefits of “Economy of Scale” we can spread our fixed costs of operations over a larger base.
- Additionally with the larger customer base, our purchasing power is enhanced – reducing costs for everyone.
- The bottom line is that as we grow, all customers benefit.
 - **From your current \$7.95 per thousand gallons,**
 - **To our retail rate of \$3.60 per thousand gallons.**

How much would we save?

Your residents water rates would be reduced by nearly half.

**From your current \$7.16 per thousand gallons.
To our retail rate of \$3.60 per thousand gallons.**

**From your quarterly base charge of \$20.00
To our quarterly base charge of \$12.00**

**This means that the average retail customer will have their water bill
reduced from \$127.40 per quarter to \$66.00 per quarter !**

This equates to an annual savings of about \$245.00

*(If you have a large family or use more 15,000 gallons of water per quarter in your home or business - you save even more.
And, if the township retains ownership and imposes the projected rate increases, the savings are even greater.)*

Are there other savings?

- Absolutely.
- All taxpayers will save on road repairs resultant of water line repairs.
- All taxpayers will save as fire service water will no longer be metered and will be provided free by the NWWA.
- Taxpayer responsibilities and liabilities will be reduced.

In fact, during a recent discussion about another system a few years ago, the system operator said

“We are not selling our water system – we are selling our liabilities”

This sounds too good to be true – is this just a teaser rate?
Will our rates jump up after we sign?

- *Absolutely , positively, not.*
- Due to our continued and steady growth, the NWWA has not raised water rates in over 20 years.
- Will we ever? Probably – a little - someday.
- *But you do not need to trust my word*, our proposal will provide several layers of written protection guaranteeing that your rates will never exceed the rates charged to other retail customers throughout our in our system. Our policy for over 50 years is uniform rates.
- There is no “bait and switch” in this proposal.

So, what are the essential terms of the proposal?

The Authority shall *guarantee* that all Customers within the Township shall be protected against unreasonable and inequitable future rate increases as the Authority agrees that these customers will not be billed at a water rate higher than the water rates charged to other similarly situated retail customers of the Authority at any time.

The current NWWA retail water rate is \$3.60 per thousand gallons.

This rate will not be increased for *at least* Three (3) years from the date of Settlement on the System Purchase



In addition to the above, the NWWA further agrees that the water rate charged to Authority water customers within Township shall at all times remain equal to other retail customers of the Authority, and will not exceed \$3.96 per thousand gallons for a minimum of Six (6) years from the Settlement on the Water System Purchase.

Although our rates may not increase at all, the extra \$3.96 per thousand cap will provide even greater protection.

And then after the initial 6 years, there is additional perpetual protection - as we also agree that Warrington customers will NEVER pay more than the other retail customers of our system!

Additional Protection against Special Assessments or Fees.

- Excluding only customary front footage assessments, water tapping fees and charges as permitted pursuant to the Pennsylvania Municipal Authorities Act typical of any new or increased water services, unless required by a court of law or agency of jurisdiction, **the Authority shall not make any special assessment to Authority customers within Township for future water system improvements.** All such improvements shall be included within the standard water rates, and shall not be back charged to the individual customers. This additional protection excludes any improvements or assessments *mandated* by a Court of Law, by lawful order of the US Environmental Protection Agency (EPA) and/or by the Pennsylvania Department of Environmental Protection (DEP) – if any.



Emergency Response and Special Services.

The Authority shall provide twenty-four (24) hour per day emergency services, including all weekends and holidays, at no additional cost to Township water customers.

This service shall include all Authority personnel, equipment, contractors, and subcontractors as deemed necessary by the Authority to maintain water service.

There shall be no additional fee or surcharge to Warrington customers for this service.

Local Office Facilities.

Authority agrees to acquire by lease or purchase, adequate office facilities for providing general administrative customer services and bill payment, to be located *within the township if reasonably possible*, but in no case outside of a 5 mile radius of the Township borders, and to maintain these facilities in operation for a minimum of 3 years.

As previously mentioned, we have recently acquired such an office in Warrington Township – right next to the KC Prime Restaurant at Route 611 and Kelly Road.



Licenses, Insurance, Electricity, Chemicals, and System Repairs.

The Authority shall be responsible for obtaining and maintaining adequate liability and property damage insurance coverage for all facilities, including but not limited to the water mains, pumps, monitoring equipment, well houses, and to include all Authority owned water mains and appurtenances throughout the system, at all times.

We assume all responsibilities for state and federal operating licenses, as well as all fees. We pay for all materials, supplies and operating costs!

Coordination of Paving and Road Repairs.

- Although difficult to qualify in terms of dollars per annum, it is the longstanding policy and practice of the Authority to provide a minimum of a “half-width” road repaving whenever completing major projects, such as an Authority water main replacement. Other than incidental repairs, we complete only trench repairs, but even in the case of a typical main break, we typically re-pave at least half with of a road with up to 100’ sections of roadway completed. This avoids leaving an uneven repair in the finished road surface.
- Lastly, we meet with all municipalities we serve each year to coordinate our planned water main repairs with the municipal paving schedule.
- Many times we are able to assist the municipality by completing our work first, completing trench repairs, then sharing final road paving costs 50/50. We also coordinate with the BCWSA and other sewer providers.

Many times this results in a fully repaved road – saving the municipality and taxpayers many thousands of dollars each year.



The Authority will provide the township with up to One Million (1,000,000) gallons of water per annum *at no cost*, which the Township may allocate amongst Township owned facilities, as determined to be appropriate.

Employment of Township Staff to Authority.

- Understanding that the Township is concerned with the future well being of all Water Department staff, and as the Authority desires to employ experienced and capable individuals to maintain quality operations and to smooth transitions, while we can not discuss individual employment provisions within the purchase agreement, the following principals shall guide us in handling any personnel transfers.
- Up to 8 Township water system staff members employed at the time of the execution of the formal purchase agreement who wish a transfer of employment to the NWWA will be interviewed by the Authority between the date of execution of this Agreement and Settlement. If deemed qualified for hire, the Authority shall provide these individuals with employment opportunities for varying positions within the Authority. It is agreed that all employment offers will be at salaries **equal to or better than the annual salaries now paid by the Township** as to not create a disingenuous offer.
- Having reviewed our respective pay scales, no Township employee would suffer any reduction in wages as a result of employment transfer, and in fact, most, if not all will receive a modest increase in wages.



In addition to the wage provisions as stated above, all Township employees transferred to the Authority shall also be provided with benefits in a manner consistent with years served at the Township.

In other words, as an example, employees who have been with the Township for 10 years shall be granted the same benefits as an Authority employees who has been with the Authority for 10 years.

No one will suffer a loss of tenure or time earned.

Are there any other benefits to the residents and businesses of Warrington?

- Yes - Many.
 - **Fire Protection Water is now metered** - *Once the agreement is in place, there is no charge to the township for this water.*
 - *No special assessments for catastrophic main breaks or repairs.*
 - *No more Road Repairs by public works - NWWA fixes the roads, curbs, sidewalks, lawns, driveways, etc., after main breaks*
 - *PennDOT and other permits – we handle and pay.*
 - *EPA, PaDEP mandated testing and reporting – we handle and pay.*
 - *Mandated future upgrades to the system - we handle and pay.*
 - *Local office availability – residents continue to receive same convenience.*
 - *Buy back provisions – Warrington remains in control!*

How about the economics?

- Unlike the private sector “*profiteers*” who initially pay unrealistically high sums - *only to take it ALL back through higher rates to the customers later* – we make well thought out, fair and reasonable offers for any water systems we consider purchasing.
- This consideration includes BOTH the amount paid to the municipality - but also the actual economic impact to the customer – not just for the initial 3-5 years, but for 20 or 30 years, and more!
- We don’t make wild offers, only to take it all back, *plus interest and profits*, by gouging the residents and businesses later and forever.

In summary

- If you want to keep the water system under ***public ownership***
- If you want to **avoid the rate increases now projected** if the township retains ownership
- If you want to **protect your residents against “gouging”** and high rate increases in the future by the *for profit corporations* and “profiteers”.
- If you want to **protect your employees**
- If you want to **maintain local customer service** facilities
- If you want to **continue to receive high quality water from Forest Park**
- And if you want a **fair and honest purchase price...**
- **We trust that you will find our proposal as being in the best long term interests of your residents, businesses, taxpayers, and employees.**



Thank you for your time and attention.

We would be pleased to answer any questions.

Robert C. Bender

NWWA Executive Director